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Shell Chemical Company

A Division of Shell Oil Company



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P.O. Box 2463
Houston, Texas 77252

December 22, 1997

Mr. Brian McLean
Director- Acid Rain Division
US EPA Acid Rain Program
Mail Code 6204J
501 3rd Street, NW
Washington, DC 20001

Dear Mr. McLean:

Subject: Model NOx Trading Rule

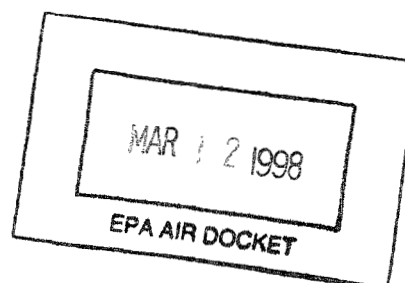
We attended EPA's Model NOx Cap and Trade Rule Workshop #2 on December 11, 1997 at the Washington National Airport Hilton Hotel in Arlington, VA.

We appreciate EPA's reconsideration of recognizing 'other sources' (particularly mobile source) as viable trading partners under the proposed NOx Cap and Trade Rule.

In the meeting we observed that a number of utilities appeared to be in favor of allowing trading with 'other sources' as a part of the proposed NOx Cap and Trade Rule. We did hear the dissenting voices, of course, but the objections appeared to be based on the difficulty of quantifying the NOx benefits from 'other sources'.

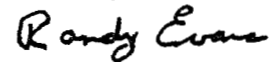
We are well aware of the difficulty in quantifying the NOx benefits from mobile sources relative to quantifying those same benefits from stationary sources. We believe that dismissing those benefits simply based on the difficulty in measuring those benefits would be counter-productive to the broader mission of the EPA.

We can only reiterate what we have said in the past. There is an incremental cost increase associated with new NOx emissions reduction technology in mobile sources. The generation of tradable DER's is necessary to offset this incremental cost increase. Removing stationary sources from the trading market essentially leaves no market for the mobile source NOx credits generated. With no market for credits, this technology loses its economic viability. Without economic stimulus, the technology will not be used and the significant benefits in NOx reduction will not be realized. Ultimately, not only does the developer of the technology lose, but the environment loses as well.



Rather than prematurely dismissing this potentially large pool of NOx benefits we would encourage the Acid Rain Division of the EPA to work with the EPA Office of Mobile Sources and industry to more rigorously quantify the NOx benefits achievable from mobile sources, and allow those DER's to be traded under the new NOx Cap and Trade Rule.

Sincerely,

A handwritten signature in black ink that reads "Randy Evans". The signature is written in a cursive, slightly slanted style.

Randy Evans
Market Development Manager
Shell Chemical Company- Additives